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SUBJECT: EGYPT'S NEW IMPORT-EXPORT REGULATIONS

11. (U) The Egyptian Ministry of Foreign Trade and Industry (MOFTI) recently implemented new, more transparent and liberalized import/export regulations to facilitate trade and further integrate Egypt into the global economy. These regulations were developed with the private sector to give industry and consumers quicker and easier access to traded goods, while simplifying the process of exporting Egyptian goods.

Changes in the Regulations

12. (U) Key reforms in the new regulations include:

- Reduction in the number of imported goods subject to inspection by the General Organization for Export and Import Control (GOEIC);
- Acceptance of importer-provided certificates of conformity from any internationally accredited laboratory inside or outside of Egypt for those goods still subject to inspection by the GOEIC;
- Exclusion from inspection of imported goods manufactured in accordance with internationally recognized quality marks;
- Elimination of the requirement in the import-export regulations that perishable products have at least one-half of their shelf life remaining at the time of import;
(Comment: For this change to take effect, a particular shelf life standard must also be amended by the Egyptian Office of Standards. This standard is being amended and the process is expected to be complete in the near future. End comment.);
- Elimination of the registration requirement for garment imports;
- Introduction of a mechanism for enforcing intellectual property rights at the border as a way to increase Egypt's compliance with WTO TRIPS requirements;
- Extension of the preferential inspection treatment given to inputs for manufacturing to inputs in the service industry.

13. (U) Additional reforms include:

- The transfer of responsibility for issuing and reviewing certificates of origin from GOEIC to the Egyptian Customs Administration;
- Clarifying previously vague rules for registering as an exporter, which were often abused by companies wanting to take advantage of the incentives provide to exporters without actually engaging in export activity. Under the new rules, a potential exporter has to obtain an export license and is required to provide proof of its export activity;
- Requiring bar codes for all imports;
- Increasing the value of goods that can be imported as samples;
- Explicitly listing chemicals that cannot be imported into Egypt, thus clarifying a previously ambiguous procedure.

Further Efforts Required

14. (U) Having issued the new regulations, the MOFTI is now seeking to further improve Egypt's trade and business environment through a three-pronged process:

- First, the Ministry is taking additional measures to ensure that the new regulations are implemented effectively. This will include issuing a number of implementing decrees, particularly in the areas of IPR border control, recognition of international conformity assessment reports and quality marks, and traceability of food and agricultural products. MOFTI will also be providing training to its staff and a public awareness campaign on the new provisions;

-- Second, the Ministry is seeking to address concerns that have been expressed by the private sector over unnecessary restraints on business activity. A particular focus will be to improve government quality control systems, and to make registering, financing, and operating small businesses much easier;

-- Third, the Ministry will also be working with other ministries and organizations to address remaining trade and industrial policy concerns. This is particularly important for sanitary and phytosanitary standards and inspection of food products to ensure WTO-compliance and prevent duplicate inspection, especially with the Ministries of Health and Agriculture.

Comment

15. (U) According to the "Trading Across Borders" section of the World Bank's 2005 Doing Business Report, Egypt fares slightly better than its regional peers with regard to export and import transactions, but still falls considerably below others in OECD performance ratings. Although faced with the challenges of certain entrenched bureaucratic interests that do not welcome further liberalization, Minister of Foreign Trade and Industry Rachid continues to profess his intention to move ahead. Rachid says he will continue working to create opportunities for competition in the Egyptian economy through the lowering of barriers.

JONES